

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C.**

In the Matter of

Federal-State Joint Board on Universal  
Service

South Bend Metronet, Inc., Centennial  
Randolph Cellular, LLC, Mega Comm, LLC  
and Centennial Cellular Tri-State Operating  
Partnership

Petition for FCC Agreement in Redefining the  
Service Areas of Tri-County Telephone  
Company, Inc., Hancock Rural Telephone  
Corp., CenturyTel  
of Central Indiana, Inc., Smithville Telephone  
Company, Inc., and Northwestern Indiana  
Telephone Company, Inc.

CC Docket No. 96-45

**CENTENNIAL'S REPLY COMMENTS**

**I. INTRODUCTION.**

South Bend Metronet, Inc., Centennial Randolph Cellular, LLC, Mega Comm LLC, and Centennial Cellular Tri-State Operating Partnership (collectively, "Centennial") file these reply comments in response to the comments in this matter filed by TDS Telecommunications Corp. ("TDS")<sup>1</sup> and CenturyTel of Indiana, Inc. ("CenturyTel").<sup>2</sup>

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<sup>1</sup> Comments of TDS Telecommunications Corp. ("TDS Comments"), CC Dkt. No. 96-45 (filed March 8, 2005).

<sup>2</sup> Opposition of CenturyTel of Central Indiana, Inc. ("CenturyTel Comments"), CC Dkt. No. 96-45 (filed March 8, 2005).

Neither commenter raises any substantial reason to deny Centennial's petition to redefine certain rural carriers' study areas in Indiana, as was recommended after a full hearing by the Indiana Utility Regulatory Commission ("IURC").<sup>3</sup> Instead, they largely devote themselves to objecting to Centennial's certification in the first place, supposedly on the strength of the Commission's recent *Report and Order* regarding the process that the Commission will use to designate additional eligible telecommunications carriers ("ETCs") in the future.<sup>4</sup>

Both TDS and CenturyTel had a full opportunity to raise their objections to Centennial's designation as an ETC in the proceedings before the IURC. Indeed, they participated in those proceedings through their trade association, the Indiana Exchange Carrier's Association ("INECA").<sup>5</sup> They should not be permitted to re-argue that determination here. Centennial's status as an ETC is for Indiana to decide, and Indiana has granted Centennial ETC certification, and has recommended, based on the evidence and its own deep understanding of Indiana telecommunications markets, that

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<sup>3</sup> *In the Matter of Centennial Cellular Tri-State Operating Partnership; Centennial Randolph Cellular LLC; Centennial Elkhart Metronet Inc. Mega Comm LLC; Michiana Metronet, Inc.; and South Bend Metronet, Inc. Application for Designation as Eligible Telecommunications Carrier Pursuant to Section 214(e)(6) of the Communications Act of 1934*, Cause No. 41052-ETC-46, dated December 15, 2004 ("IURC Order"), at 24. (A copy of this ruling was attached to Centennial's petition.) As the IURC stated: "We conclude that redefining the [affected] rural study areas at the exchange/wire center level ... as requested by Centennial, is appropriate."

<sup>4</sup> *In the Matter of Federal-State Joint Board on Universal Service, Report & Order*, CC Docket No. 96-45 (released March 17, 2005) ("*Report & Order*").

<sup>5</sup> *See* IURC Order at 2. As noted there, INECA requested and was granted intervenor status in the proceeding regarding Centennial's ETC certification request. A review of INECA's web site ([www.ineca.org/network.htm](http://www.ineca.org/network.htm)) shows that both TDS and CenturyTel are members of INECA.

certain rural carrier study areas be redefined. This Commission should approve that redefinition.

## II. TDS's COMMENTS.

TDS argues that this Commission should “apply the standards developed in the related rulemaking proceeding to the Centennial petition.” TDS Comments at 2. On the matter at hand, however — service area redefinition — there are no new rules. *Report & Order* at ¶ 74 (expressly declining to adopt new rules on this issue). So there are no new “standards” to apply to this case.

Moving on to its real purpose, TDS asks the Commission to review *de novo* the IURC's decision to designate Centennial as an ETC, using the new ETC designation rules. TDS Comments at 3. Put aside the fact that the Commission has not made its new standards mandatory for states making ETC determinations. *Report & Order* at ¶¶ 58-64. Even if the new standards did apply, the Commission ruled that companies whose ETC designations were completed as of the effective date of the new rules (which has not yet occurred) would come into compliance with the new rules over time, beginning with their October 2006 compliance filings. *Report & Order*, Appendix A at 2, new rule 54.202(b). Indeed, this phase-in of the new rules applies even to carriers' whose ETC designations are still *pending* as of the effective date of the rules. *Id.* It makes no sense in these circumstances to “apply” these new substantive standards to Centennial today, in any fashion.

With regard to service area redefinition, TDS claims, basically, that Centennial will creamskim TDS's territory if the Colfax exchange is separated out from three other nearby TDS exchanges (Romney, Wingate, and Linden). TDS Comments at 3-9.

TDS's own data, however, show that there is no substantial creamskimming concern. First, Centennial did not seek certification in the Romney exchange, which is far and away (using TDS's figures) the most densely wired exchange within the rural areas served by TDS at issue here. Romney has an access line density of 21.8 lines/square mile, compared with only 15.7 lines/square mile for the Colfax exchange for which Centennial was designated. *See* TDS Comments at 6-7. Second, it is not as though the Colfax exchange, where Centennial has been designated, is uniformly comprised of (relatively) dense population. To the contrary, as TDS points out (using Census Block Groups, or "CBGs"), within the Colfax exchange densities range from 30.6 down to 4.9 lines/square mile. *See* TDS Comments at 7-9. Centennial is acquiring ETC responsibilities for substantial rural areas along with the (supposedly) densely populated areas of the Colfax exchange.

In addition, maps of these areas show that the differing lines-per-square-mile densities are misleading. Each of the exchanges at issue has a central small town surrounded by essentially uninhabited land.<sup>6</sup> The maps show that the different lines-per-square-mile figures do not arise from customers within one of the different exchanges being notably more "spread out" than the others. Rather, variations in the total number of lines in the (relatively) populated central towns, combined with

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<sup>6</sup> Attached hereto are printouts of topographical maps with each central town (Colfax, Romney, Wingate, and Linden) in the center of the map. (Exhibits 1-4 hereto). In each case, as discussed in the text, it shows the same pattern: a central town with virtually all the homes, surrounded by empty space. As discussed in the text, this distribution of homes within an exchange simply does not support any claim of creamskimming, even if the lines-per-square-mile figures for the different exchanges come out, mathematically, to different figures. Another map shows where these four towns are located relative to each other (Exhibit 5 hereto).

variations in the amount of empty surrounding land, will necessarily produce different lines-per-square-mile figures, *even though in each case the topographical map shows that virtually all the people live in the affected central town.*<sup>7</sup> In other words, the “disparity” that TDS claims is “clear” (TDS Comments at 6) is not clear at all — it is an artifact of TDS’s calculations, not a true indicator of any creamskimming or unfairness resulting from redefining the affected TDS study area.<sup>8</sup>

Centennial has been designated as an ETC in one of TDS’s central-town-surrounded-by-farmland exchanges. Looking at an actual map shows that there is no reason to think that this particular exchange contains any more “cream” to be “skimmed” than any other. To the contrary, probably the most important variable in the calculations that TDS has undertaken appears to be how much empty farmland is included in the denominator of the lines-per-square-mile calculation. With virtually all landline phone service concentrated in the central towns in any event, these different figures cannot and do not demonstrate any impermissible creamskimming.

For these reasons, the Commission should reject TDS’s objections to redefinition of its rural Indiana study area affected by Centennial’s petition.

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<sup>7</sup> For example, assume that in two different exchanges, a central town occupies one square mile. If in each case the central town has 1000 access lines, but in one case the town is surrounded by 99 square miles of farmland, but in another it is surrounded by 199 square miles of farmland, the “lines-per-square mile” figure in one case will be 10, and in the other case 5, even though the actual cost of serving the affected population will be essentially identical.

<sup>8</sup> A review of Indiana’s exchanges shows that if the Colfax exchange is technically “adjacent” to the other TDS exchanges at issue, at all, it is only connected to them by a thin strip of land, with a third-party exchange lying between the bulk of Colfax and the other TDS exchanges. *See* Exhibit 6 hereto (Colfax exchange in yellow near middle of the page; exchange marked “D” between Colfax and other TDS exchanges).

### III. CENTURYTEL COMMENTS.

CenturyTel, like TDS, objects to having its rural study area in Indiana redefined. Its first argument is that Centennial has failed to meet its burden of proof regarding this point. CenturyTel Comments at 2-6. Centennial submits that when a wireless carrier proposes to serve its entire service area, goes through not one but *two* contested hearings before the affected state regulatory body to obtain ETC certification — at which the rural carriers whose territory is being redefined participated through their trade association<sup>9</sup> — and where the knowledgeable state regulatory body recommends that certain study areas be redefined, that should be viewed as sufficient to meet the burden of proof.

If it is not, however, Centennial notes that exactly the same situation exists with respect to the affected CenturyTel exchanges as exists with respect to the TDS exchanges discussed above.<sup>10</sup> That is, in each exchange there is a central town where the people are concentrated, surrounded by largely open land with few if any customers to serve. This additional information, if it is needed, clearly shows that there is no

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<sup>9</sup> As described in the IURC's order (attached to Centennial's petition in this matter), the IURC used Centennial's original application and a parallel application made by Nextel Partners to elucidate its understanding of the "public interest" test applicable to ETC designations. Centennial's initial application was found to have fallen on the wrong side of the dividing line, leading Centennial to resubmit the application and to provide much more elaborate assurances of build-out plans and related matters to ensure that the IURC was comfortable that designation of Centennial as an ETC was, in fact, in the public interest. CenturyTel, through its trade association INECA, participated in both proceedings.

<sup>10</sup> The affected CenturyTel exchanges are Brookston (where Centennial is certified as an ETC) and Battle Ground (where it is not). Exhibits 7 and 8 are topographic maps of Brookston and Battle Ground. In each case there is a central town surrounded by largely open land. The other CenturyTel exchange where Centennial has been certified as an ETC is not adjacent to this area but is, instead, miles away. There is no reason not to redefine CenturyTel's already  
(note continued)...

impermissible creamskimming present in this case. *See* CenturyTel Comments at 3-5.

The rural Indiana exchanges at issue here are, on the whole, similar: a central town surrounded by fields. Centennial is certified as an ETC in some but not all of CenturyTel's town-surrounded-by-fields rural exchanges. This is not a situation like *Virginia Cellular*, where the wireless carrier wanted to be certified to serve the town but not the fields. To the contrary, the information contained in the attached maps shows that Centennial, in the exchanges for which it is certified as an ETC, and as to which it has requested study area redefinition, will be serving its share of both towns and fields. There is, in sum, no creamskimming here.

CenturyTel also presents a misleading, out-of-context quote from the IURC's order to try to convey the impression that Centennial will use the funds it receives as an ETC to ignore truly rural areas. But Centennial did not, as CenturyTel implies, say that it would only build out to the "largest population centers" in its designated ETC areas. *See* CenturyTel Comments at 5.

The referenced discussion in the IURC's order relates to Centennial's commitment to take steps to expand its coverage to minimize the "gaps" or "dead spots" within its network serving the affected areas. Centennial's Vice President of Engineering (Mr. Jeff Shively), addressing that concern, had identified seven new cell sites that, when constructed and operational, would largely fill the "gaps." In that context — filling gaps in existing coverage — Mr. Shively stated that the seven cell sites were "positioned to cover the largest populations centers *in the unserved rural*

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...(note continued)  
geographically dispersed exchanges.

**areas** in Centennial’s proposed ETC designated service area.” IURC Order at 12 (emphasis added).

CenturyTel misleadingly deleted the emphasized material from its purported quote from the IURC’s order. *See* CenturyTel Comments at 5. This obviously changes the meaning of what the IURC (and Centennial) were saying. It is one thing to say that a prospective ETC will ignore rural areas and focus only on “the largest population centers.” That might suggest a lack of willingness to provide service in rural areas, contrary to the point of ETC designation. But that is not what Centennial said. Centennial said that, in filling in the **gaps** in its existing coverage **in rural areas**, it would concentrate its initial network expansion efforts on those areas with the most population, **thereby maximizing the value to rural consumers of its expenditure of universal service funds**. Moreover, Mr. Shively testified that these cell sites would not be constructed at all without universal service funding, because standing alone it did not make economic sense to construct them. IURC Order at 13, 16. Not only is it completely reasonable for Centennial to use universal service funds in this manner, Centennial submits that it is precisely what this Commission would want an ETC to do with such funds: expand service availability to as many people who do not have it, as promptly as possible, in areas where without such funds it would not be economical to provide service.

CenturyTel also raises the suggestion that rather than redefine CenturyTel’s study area, Centennial should be required instead to seek ETC designation in exchanges where it has no authority to serve, on the strength of the fact that Centennial has roaming agreements with the CMRS carriers that **are** licensed to serve



those areas. CenturyTel Comments at 3. Centennial will certainly accept orders from customers who live outside its service area, but that is not the point. CenturyTel is using this redefinition proceeding as, in effect, a collateral attack on the IURC's decision regarding where to certify Centennial as an ETC. If CenturyTel had wanted to suggest that Centennial's designation in any CenturyTel exchange be conditioned on Centennial being willing to accept ETC responsibilities in *all* CenturyTel exchanges, it should have raised that suggestion during the ETC certification proceedings, not here.<sup>11</sup>

Finally, utterly undeterred by the fact that the IURC has *already* certified Centennial as an ETC, CenturyTel submits an attack on the value of Centennial's services, claiming, in effect, that those services are not good enough to show that granting Centennial ETC status is in the public interest. *See* CenturyTel Comments at 7 (objecting to Centennial's "base" plan of 150 "free" anytime minutes for \$19.99); *id.* (objecting to Centennial's characterization of its plans as including "free" incoming calls, night and weekend calls, etc.); *id.* at 7-8 (claiming that Centennial's services do not necessarily represent new competitive alternatives to consumers within Centennial's certified ETC area); *id.* at 8 (seeking a requirement that Centennial be required to provide a five-year build-out plan). Obviously, none of this has anything to

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<sup>11</sup> CenturyTel also raises a generic objection to granting a petition for service area redefinition automatically, as opposed to by means of a written order. CenturyTel Comments at 5-6. This is effectively a challenge to the Commission's rules, not a challenge to Centennial's petition. To the extent that this CenturyTel discussion is intended to suggest a lack of information on which the Commission can and should render a decision, Centennial submits that the materials attached to its petition and to these reply comments is more than sufficient to grant request to redefine CenturyTel's study area, as laid out in the petition.

do with service area redefinition. As a condition of its ETC certification, Centennial will make numerous reports to the IURC about how it is improving its network, what services it offers, etc. To the extent that the IURC chooses to follow the Commission's new permissive guidelines for ETC certification, any of these matters that are actual sources of concern at the time (and Centennial submits that none, in fact, are) can be dealt with on a prospective basis in connection with Centennial's annual certification filings.

#### **IV. CONCLUSION.**

Neither TDS nor CenturyTel has raised any cogent objections to Centennial's petition to redefine those carrier's Indiana study areas. A review of topographic maps of the affected areas shows that there is no reason for concern about creamskimming: In each affected exchange, Centennial will be serving not merely (relatively) densely populated central towns, but towns and fields alike, just as TDS and CenturyTel will be serving both types of area in the exchanges where Centennial is not certified. To the extent that TDS and CenturyTel object to Centennial's very certification as an ETC, this proceeding is not the place to deal with such objections. To the contrary, they had their opportunity to raise their objections before the IURC. The fact that the IURC not only granted Centennial's request for certification, but also recommended redefinition of TDS's and CenturyTel's study areas shows that their objections are insubstantial.

Randolph

Respectfully submitted,

**South Bend Metronet, Inc., Centennial**

**Cellular LLC, Mega Comm LLC, Centennial  
Cellular Tri-State Operating Partnership**

By:

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Christopher W. Savage  
**COLE, RAYWID & BRAVERMAN, L.L.P.**  
1919 Pennsylvania Avenue, N.W., Suite 200  
Washington, DC 20006  
(202) 659-9750  
Their Attorney

Of Counsel:  
William Roughton  
Vice President, Legal Regulatory Affairs  
Centennial Communications Corp.

March 22, 2005

## CERTIFICATE OF SERVICE

I, Cathleen Schultz, hereby certify that on this 22<sup>nd</sup> day of March, 2005, I caused a copy of the foregoing *Petition For FCC Agreement in Redefining The Service Areas of Tri-County Telephone Company, Hancock Rural Telephone Corp., Centurytel of Central Indiana, Inc., Smithville Telephone Company, Inc., and Northwestern Indiana Telephone Company, Inc.* to be sent via hand delivery(\*), or U.S. Mail to the following

Mark Seifert\*  
Telecommunications Access Policy Division  
Wireline Competition Bureau  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Room 5-A422  
Washington, DC 20554

Nancy E. Manley, Secretary  
Indiana Utility Regulatory Commission  
Indiana Government Center South  
302 West Washington Street  
Suite E-306  
Indianapolis Indiana 46204

Jennifer Richardson  
Indiana Utility Regulatory Commission  
Indiana Government Center South  
302 West Washington Street  
Suite E-306  
Indianapolis Indiana 46204

Mary Newcomer Williams  
Covington & Burling  
1201 Pennsylvania Avenue NW  
Washington, DC 20004-2401  
(Counsel for TDS Telecom)

Karen Brinkmann  
Jeffrey A. Marks  
Latham & Watkins LLP  
555 Eleventh Street, NW Suite 1000  
Washington, DC 20004-1304

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Cathleen Schultz